

<i>SERFF Tracking Number:</i>	<i>XLAM-125329250</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>XL Specialty Insurance Company</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-026525</i>
<i>Company Tracking Number:</i>	<i>07SD-XD-EO03-CW-AR</i>		
<i>TOI:</i>	<i>17.0 Other Liability - Claims Made/Occurrence</i>	<i>Sub-TOI:</i>	<i>17.0019 Professional Errors & Omissions Liability</i>
<i>Product Name:</i>	<i>Other Liability</i>		
<i>Project Name/Number:</i>	<i>Architects, Engineers & Consultants Rate Revision Filing/07SD-XD-EO03-CW-AR</i>		

Filing at a Glance

Company: XL Specialty Insurance Company

Product Name: Other Liability

TOI: 17.0 Other Liability - Claims
Made/Occurrence

Sub-TOI: 17.0019 Professional Errors &
Omissions Liability

Filing Type: Rate

SERFF Tr Num: XLAM-125329250

SERFF Status: Closed

Co Tr Num: 07SD-XD-EO03-CW-
AR

Co Status:

Author: Trish Pollard

Date Submitted: 10/22/2007

State: Arkansas

State Tr Num: AR-PC-07-026525

State Status: Fees verified and
received

Reviewer(s): Betty Montesi, Edith
Roberts

Disposition Date: 11/26/2007

Disposition Status: Filed

Effective Date (New):

Effective Date (Renewal):

Effective Date Requested (New): 01/01/2008

Effective Date Requested (Renewal): 01/01/2008

General Information

Project Name: Architects, Engineers & Consultants Rate Revision Filing Status of Filing in Domicile: Pending

Project Number: 07SD-XD-EO03-CW-AR

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 11/26/2007

State Status Changed: 11/26/2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

We are filing a revision to the rates for our Architects, Engineers & Consultants Liability Program

Company and Contact

Filing Contact Information

Patricia Pollard, Compliance Analyst
1201 N. Market Street

patricia.pollard@xlai.com
(302) 661-7010 [Phone]

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Wilmington, DE 19801 (302) 778-4190[FAX]

Filing Company Information

XL Specialty Insurance Company CoCode: 37885 State of Domicile: Delaware
1201 N. Market Street Group Code: 1285 Company Type:
Suite 501
Wilmington, DE 19801 Group Name: State ID Number:
(800) 394-3909 ext. [Phone] FEIN Number: 85-0277191

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Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? Yes
Fee Explanation: \$50 per filing per company
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
XL Specialty Insurance Company	\$50.00	10/22/2007	16227581

SERFF Tracking Number: *XLAM-125329250* *State:* *Arkansas*
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	11/26/2007	11/26/2007

<i>SERFF Tracking Number:</i>	<i>XLAM-125329250</i>	<i>State:</i>	<i>Arkansas</i>
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Disposition

Disposition Date: 11/26/2007

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

<i>SERFF Tracking Number:</i>	<i>XLAM-125329250</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>XL Specialty Insurance Company</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-026525</i>
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An error occurred rendering Disposition 125312753: null.

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Rate Information

Rate data applies to filing.

Filing Method:	File & Use
Rate Change Type:	Decrease
Overall Percentage of Last Rate Revision:	-12.500%
Effective Date of Last Rate Revision:	07/01/2006
Filing Method of Last Filing:	File & Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
XL Specialty Insurance Company	-7.000%	-7.000%				%	%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Filed	Countrywide Rate Manual	09-2007	Replacement	AR-PC-06-019402	Countrywide Manual 09_2007.pdf
Filed	State Rate Page	2007	Replacement	AR-PC-06-019402	AR State Rate Page 09_07.pdf

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1.0 Determination of Exposure Base

- 1.1 Weighted annual gross fees are the exposure base for this coverage. Annual base rates shown below are applied per \$100 of weighted annual gross fees for the insured.
- 1.2 Gross fees means the exact dollar amount of gross revenues, including subconsultant fees and reimbursable expenses, but excluding interest income, rental income on real estate, sales and service taxes, fees for projects which have been abandoned, fees for projects covered by a separate project policy, and revenues that are not part of the insured's customary or usual professional services as an architect, engineer, or environmental consultant, including computer consulting services or general contracting.

2.0 Base Premium Determination

- 2.1 The base premium is calculated for a policy with a \$250,000 limit and a \$5,000 deductible.
- 2.2 The base premium is subject to a minimum premium. The base minimum premium for a \$250,000 policy limit with a \$5,000 deductible is \$2,500 for insureds with not more than 50% of fees derived from structural engineering. For structural engineering, the base premium is \$3,500.
- 2.3 The base premium is the product of the following factors:

Weighted annual gross fees	see 2.3.1 below
Tiered base rate	see 2.3.2 below
Discipline factor	see 2.3.3 below
Type of work factor	see 2.3.4 below
Prior acts factor	see 2.3.5 below
Experience rating factor	see 2.3.6 below
Longevity factor	see 2.3.7 below
Specialization factors	see 2.3.8 below
School and Residential Factor	see 2.3.9 below
Territory factor	see State Rate Page
State-specific factors	see State Rate Page

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2.3.1 Weighted Annual Gross Fees

Four years of fees will be used in the calculation of weighted annual gross fees. The weights applied to each year's fees vary with the discipline of the insured, based on the average claims discovery period for each discipline. For all new business, if rapid growth in fees results in a prior years fees being less than 70% of the following year fees, an adjustment will be made to bring the prior fees to 70% of the following years fees. An additional year of projected fees may be used for policy periods of greater than one year. Weighting factors are as follows:

<u>DISCIPLINE</u>	<u>Projected</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>
Architect	10%	30%	40%	20%
Architect Planner	10%	30%	30%	30%
Interior Design	30%	50%	20%	0%
Landscape Architect	30%	50%	20%	0%
Structural Engineer	10%	25%	25%	40%
Civil Engineer - Other	30%	50%	20%	0%
Civil Engineer - WWTP	10%	30%	40%	20%
Surveyor	30%	50%	20%	0%
Traffic Engineer	30%	50%	20%	0%
Mechanical Engineer	10%	30%	40%	20%
Acoustical Engineer	30%	50%	20%	0%
Process Engineer	10%	30%	40%	20%
Electrical Engineer	10%	25%	25%	40%
Illumination Engineer	30%	50%	20%	0%
Geotechnical Engineer	20%	30%	30%	20%
Geo - D/C/Lab	20%	30%	30%	20%
Labs - Other	30%	50%	20%	0%
Environmental Engineer	20%	30%	30%	20%
Environmental Science	20%	30%	30%	20%
CM - Advisor	10%	30%	40%	20%
CM - At Risk	10%	30%	40%	20%
Naval Architecture	10%	30%	40%	20%
Marine Engineering	10%	30%	40%	20%

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2.3.2 Tiered Base Rate

Rate per \$100 of Weighted Fees

First	\$100,000	\$6.92
Next	\$100,000	\$5.22
Next	\$50,000	\$4.18
Next	\$500,000	\$3.95
Next	\$250,000	\$3.84
Next	\$4,000,000	\$3.31
Next	\$2,500,000	\$3.05
Above	\$7,500,000	Refer to Company

2.3.3 Discipline Factors

An average discipline factor is calculated based on the distribution of the insured's weighted fees by discipline. Multiply the percentage of fees in each discipline by the factors and sum the results.

<u>DISCIPLINE</u>	<u>Low</u>	<u>High</u>
Architect	0.75	1.25
Architect Planner	0.20	0.40
Interior Design	0.35	0.55
Landscape Architect	0.35	0.55
Structural Engineer	1.20	2.00
Civil Engineer - Other	0.65	1.15
Civil Engineer - WWTP	0.75	1.25
Surveyor	0.50	0.90
Traffic Engineer	0.40	0.60
Mechanical Engineer	0.45	0.95
Acoustical Engineer	0.20	0.35
Process Engineer	0.60	1.00
Electrical Engineer	0.40	0.75
Illumination Engineer	0.20	0.35
Geotechnical Engineer	1.00	1.75
Geo - D/C/Lab	0.40	0.80
Labs - Other	0.15	0.25
Environmental Engineer	0.45	0.75
Environmental Science	0.30	0.50
CM – Advisor	0.75	1.25
CM - At Risk	1.20	1.80
Naval Architecture	0.75	1.25
Marine Engineering	0.75	1.25

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2.3.4 Type of Work Factors

To further differentiate loss exposure levels within a particular discipline, the type of work generating fees for the insured are considered. The appropriate modification is calculated by dividing the percentage of fees in each category by the appropriate divisor indicated below in parentheses. The range in each cell below notes the maximum modification in each individual category. These modifications are applicable only to the indicated disciplines. The maximum total debit or credit is 50%. For example, if an architectural insured has 25% of fees in Hotels, the debit is $25\%/2 = 12.5\%$. If that insured had 60% fees in Hotels, the calculation is $60\%/2 = 30\%$, but the debit would be 25%, since that is the maximum debit for that particular category.

Range of Modifications							
<u>DEBITS</u>							
<u>Type of Work</u>	<u>Structural Engineer</u>	<u>Civil Engineer</u>	<u>Environmental Engineer</u>	<u>Geotechnical Engineer</u>	<u>Mechanical Engineer</u>	<u>Electrical Engineer</u>	<u>Architect</u>
Condominiums	50% (1)	50% (1)	None	50% (1)	50% (1)	50% (1)	50% (1)
Hotels	25% (2)	None	None	None	25% (2)	25% (2)	25% (2)
Fast Track Construction	25% (2)	25% (2)	None	None	25% (2)	25% (2)	25% (2)
Management	25% (2)	25% (2)	None	None	25% (2)	25% (2)	25% (2)
High Rise	25% (2)	None	None	None	25% (2)	None	25% (2)
Arenas	25% (2)	None	None	None	None	None	25% (2)
Jails	25% (2)	None	None	None	25% (2)	25% (2)	25% (2)
Bridges	25% (2)	None	None	None	None	None	None
Piers	None	25% (2)	None	None	None	None	None
Dams	None	25% (2)	None	None	None	None	None
Quarry / Tunnel	None	25% (2)	None	None	None	None	None
PSAs	None	None	50% (1)	None	None	None	None
Site Remediation	None	None	25% (2)	None	None	None	None
Asbestos	None	None	25% (2)	None	None	None	None
Other debit	25% (2)	25% (2)	25% (2)	25% (2)	25% (2)	25% (2)	25% (2)

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2.3.4 Type of Work Factors (continued) - Range of Modifications

CREDITS

<u>Type of Work</u>	<u>Structural Engineer</u>	<u>Civil Engineer</u>	<u>Environmental Engineer</u>	<u>Geotechnical Engineer</u>	<u>Mechanical Engineer</u>	<u>Electrical Engineer</u>	<u>Architect</u>
Feasibility Studies	50% (2)	50% (2)	50% (2)	50% (2)	50% (2)	50% (2)	50% (2)
Office - Industrial - Commercial	16.7% (3)	16.7% (3)	16.7% (3)	25% (2)	16.7% (3)	16.7% (3)	16.7% (3)
Sub-Consultant							
Structural	25% (4)	25% (4)	25% (4)	None	25% (4)	25% (4)	25% (4)
Sub-Consultant							
Other	25% (2)	25% (2)	25% (2)	None	25% (2)	25% (2)	25% (2)
Roads / Highways	None	12.5% (4)	None	None	None	None	None
Refineries	12.5% (4)	12.5% (4)	None	None	12.5% (4)	12.5% (4)	12.5% (4)
Utilities	12.5% (4)	12.5% (4)	None	None	12.5% (4)	12.5% (4)	12.5% (4)
Design Services	None	None	12.5% (4)	None	None	None	None
Training Manuals	None	None	25% (2)	None	None	None	None
Permitting	None	None	25% (2)	None	None	None	None
Wildlife	None	None	25% (2)	None	None	None	None

2.3.5 Prior Acts Factor

The prior acts exclusion is applicable to insureds who have purchased "tail" coverage from a prior carrier, a new insured with no previous experience, an insured previously uninsured, or an insured requesting such an exclusion and evidencing a clear knowledge of the consequences.

Premium credits will be applied to the premium of those insureds subject to exclusion of prior acts. A weighted prior acts factor is calculated using the distribution of fees by discipline.

Table A applies to surveyors, landscape architects, architect planners, interior designers, geotechnical engineers, traffic engineers, and civil engineers, other than WWTP. Table C applies to any Environmental discipline. Table B is applicable to all other disciplines.

	<u>Table A</u>	<u>Table B</u>	<u>Table C</u>
Rate 1 - Full coverage of prior acts	1.00	1.00	1.00
Rate 2 - Four years of prior acts coverage	1.00	0.90	1.00
Rate 3 - Three years of prior acts coverage	0.92	0.80	1.00
Rate 4 - Two years of prior acts coverage	0.84	0.70	0.85
Rate 5 - One year of prior acts coverage	0.75	0.60	0.70
Rate 6 - No prior acts coverage	0.65	0.50	0.50

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2.3.6 Experience Rating Factor

For insureds with weighted fees of \$1,000,000 or less, the experience-rating factor is based on the number of claims reported in the past five years. For purposes of this calculation, expense-only claims are not counted. Based on the number of claims, the experience-rating factor is as follows:

<u>Claims</u>	<u>Factor</u>
0	0.80
1	0.95
2	1.15
3	1.30
4	1.45
5 or more	1.60

For insureds with weighted fees between \$1,000,000 and \$7,500,000 the experience-rating factor is based on the loss ratio of the insured over the last five years. Losses include ALAE, and are on an incurred basis. Premiums are gross of judgment rating debits or credits and earned risk management premium reimbursements. Based on the loss ratio of the insured, the experience-rating factor is as follows:

<u>Loss Ratio</u>	<u>Factor</u>
0% to 30%	0.70
31% to 40%	0.80
41% to 50%	0.85
51% to 60%	0.90
61% to 70%	0.95
71% to 80%	1.00
81% to 95%	1.05
96% to 110%	1.10
111% to 125%	1.20
126% to 140%	1.30
141% to 160%	1.40
161% or higher	1.50

Refer to Company for insureds with weighted fees greater than \$7,500,000.

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2.3.7 Longevity Factor

The longevity factor is based on the number of years the firm has been insured with the Company:

<u>Yrs w/ Co.</u>	<u>Credit</u>
< 5	0%
5 to 10	-3%
11 to 15	-5%
> 16	-10%

2.3.8 Specialization Factor

For firms with less than \$7.5 million in weighted fees, a specialization credit is applied if more than 75% of fees are in the same discipline. A credit is also applied if the firm practices in 5 or fewer project areas. For firms with more than \$7.5 million in weighted fees, a credit applies if the firm practices in 5 or fewer project areas. The credits are determined as follows:

<u>>75% fees in largest Discipline:</u>		<u>5 or fewer project types:</u>	
<u>Fee Range</u>	<u>Credit</u>	<u>Fee Range</u>	<u>Credit</u>
< 1M	-7.5%	< 1M	-7.5%
1M to 7.5M	-5.0%	1M to 7.5M	-7.5%
>7.5M	0.0%	>7.5M	-5.0%

2.3.9 School and Residential Factor

For firms engaging in School Project and Residential Projects (other than condominiums), a debit will be determine based on the debits below applied to the percentage of fees in each category.

	<u>Low</u>	<u>High</u>
Schools	0%	25%
Residential (non condo)	0%	25%

3.0 Increased Limits and Deductibles

Two sets of increased limits by deductible factors are used. Increased limits factors are applied to minimum premiums, subject to a \$2,000 excess limits minimum premium per \$1,000,000 of coverage in excess of \$1,000,000 up to \$5,000,000. Additional limits of liability and deductible options are available. Minimum premiums for limits in excess of \$5,000,000 are subject to reinsurer consideration. Refer to Company limits greater than \$5,000,000 and insureds with weighted fees greater than \$7,500,000.

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3.1 For insureds with weighted fees of \$1,000,000 or less:

Limits:

Deductible per Claim:

<u>per Claim</u>	<u>Aggregate</u>	<u>\$0</u>	<u>\$1,000</u>	<u>\$2,500</u>	<u>\$5,000</u>	<u>\$10,000</u>	<u>\$25,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$200,000</u>	<u>\$500,000</u>
\$250,000	\$250,000	1.470	1.275	1.140	1.000	0.938	0.733	0.578	0.416	0.280	0.156
\$250,000	\$500,000	1.532	1.375	1.239	1.100	1.042	0.833	0.673	0.499	0.348	0.201
\$500,000	\$500,000	1.624	1.524	1.386	1.249	1.198	0.983	0.815	0.624	0.451	0.270
\$500,000	\$1,000,000	1.727	1.625	1.488	1.352	1.313	1.096	0.925	0.727	0.545	0.340
\$1,000,000	\$1,000,000	1.882	1.776	1.641	1.505	1.485	1.265	1.090	0.882	0.686	0.445
\$1,000,000	\$2,000,000	2.038	1.924	1.777	1.630	1.608	1.385	1.208	0.996	0.785	0.525
\$1,000,000	\$3,000,000	2.113	1.995	1.843	1.690	1.668	1.444	1.270	1.049	0.838	0.574
\$1,000,000	\$4,000,000	2.184	2.062	1.905	1.747	1.724	1.499	1.319	1.098	0.888	0.624
\$1,000,000	\$5,000,000	2.234	2.112	1.955	1.797	1.774	1.549	1.369	1.148	0.938	0.674
\$2,000,000	\$2,000,000	2.271	2.144	1.981	1.817	1.793	1.564	1.384	1.168	0.934	0.645
\$2,000,000	\$4,000,000	2.418	2.283	2.109	1.934	1.909	1.679	1.495	1.270	1.037	0.744
\$2,000,000	\$5,000,000	2.468	2.332	2.158	1.984	1.959	1.729	1.545	1.320	1.087	0.794
\$3,000,000	\$3,000,000	2.460	2.322	2.145	1.968	1.942	1.713	1.538	1.299	1.067	0.769
\$3,000,000	\$5,000,000	2.581	2.439	2.257	2.075	2.048	1.818	1.638	1.399	1.167	0.869
\$4,000,000	\$4,000,000	2.638	2.490	2.300	2.110	2.082	1.851	1.663	1.424	1.192	0.894
\$5,000,000	\$5,000,000	2.763	2.615	2.425	2.235	2.207	1.975	1.788	1.548	1.316	1.018

3.2 For insureds with weighted fees between \$1,000,000 and \$7,500,000:

Limits:

Deductible per Claim:

<u>per Claim</u>	<u>Aggregate</u>	<u>\$0</u>	<u>\$1,000</u>	<u>\$2,500</u>	<u>\$5,000</u>	<u>\$10,000</u>	<u>\$25,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$200,000</u>	<u>\$500,000</u>
\$250,000	\$250,000	1.470	1.275	1.140	1.000	0.932	0.732	0.580	0.421	0.285	0.157
\$250,000	\$500,000	1.549	1.391	1.253	1.113	1.044	0.838	0.680	0.507	0.356	0.205
\$500,000	\$500,000	1.667	1.564	1.423	1.282	1.213	0.996	0.828	0.636	0.461	0.277
\$500,000	\$1,000,000	1.788	1.682	1.541	1.400	1.336	1.115	0.943	0.743	0.558	0.350
\$1,000,000	\$1,000,000	1.970	1.859	1.718	1.576	1.520	1.294	1.117	0.903	0.704	0.458
\$1,000,000	\$2,000,000	2.148	2.028	1.873	1.719	1.658	1.429	1.243	1.027	0.810	0.540
\$1,000,000	\$3,000,000	2.236	2.111	1.950	1.789	1.725	1.498	1.320	1.090	0.883	0.603
\$1,000,000	\$4,000,000	2.309	2.180	2.014	1.847	1.782	1.554	1.374	1.137	0.932	0.659
\$1,000,000	\$5,000,000	2.366	2.236	2.067	1.897	1.832	1.602	1.420	1.182	0.978	0.707
\$2,000,000	\$2,000,000	2.416	2.281	2.107	1.933	1.865	1.632	1.433	1.213	0.970	0.664
\$2,000,000	\$4,000,000	2.577	2.433	2.247	2.062	1.989	1.757	1.564	1.323	1.092	0.782
\$2,000,000	\$5,000,000	2.634	2.489	2.300	2.112	2.038	1.805	1.610	1.368	1.137	0.830
\$3,000,000	\$3,000,000	2.635	2.487	2.298	2.108	2.033	1.804	1.625	1.370	1.152	0.820
\$3,000,000	\$5,000,000	2.765	2.612	2.415	2.217	2.140	1.909	1.725	1.462	1.246	0.924
\$4,000,000	\$4,000,000	2.818	2.661	2.458	2.255	2.175	1.945	1.760	1.487	1.275	0.960
\$5,000,000	\$5,000,000	2.960	2.800	2.590	2.380	2.299	2.065	1.875	1.600	1.388	1.080

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4.0 Shared Cost of Defense and Dollar One Defense

The Shared Cost of Defense optional coverage provides for sharing of the cost of defense on an 80/20 basis until the insured's 20% reaches 100% of the deductible amount. At that point the Company assumes all costs. The price for this is based on the \$250,000 policy limit premium and the selected deductible, based on this following table:

<u>Deductible</u>	<u>Surcharge</u>
\$5,000	5.00%
\$10,000	6.70%
\$25,000	8.30%
\$50,000	10.00%

Another option is Dollar One Defense, which covers all cost of defense up to the deductible. The Dollar One Defense option is priced at 150% of the Shared Cost of Defense premium for non-residential projects. For residential projects, the Dollar One Defense Option is 187.5% of the Shared Cost of Defense Premium. Refer to Company options other than 80/20.

Minimum premium for the Shared Cost of Defense program is \$200. The Dollar One Defense minimum premium is 150% of the Shared Cost of Defense premium.

5.0 Extended Reporting Period Coverage

The Company may allow the insured to purchase extended reporting coverage. Coverage afforded by endorsement allows for claims to be made against the insured and reported to us later than the original expiration date, but only for acts, errors and omissions which occurred during the original policy period. The premium calculation is based on the annual premium for expiring policy.

<u>Reporting period</u>	<u>Premium</u>
1 year	100%
2 years	150%
3 years	185%

6.0 Judgment Rating

Each risk generating a premium greater than \$2,500 will be subject to application of a judgment rating plan. The purpose of this plan is to allow rating flexibility as deemed appropriate by experienced underwriters using the application, knowledge of Architects, Engineers, and Environmental Consultants underwriting, knowledge of Architects,

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Engineers, and Environmental Consultants procedures, and knowledge of the particular risk. However, the use of judgment rating is subject to the following rules:

- 6.1 No rating factor included in this plan may be used to qualify risks for judgment rating, except that a minimum premium may not be further reduced by use of judgment rating.
- 6.2 Debits or credits in this section are limited to a total of 25%, although may exceed 25% with the approval of the manager and convincing factual evidence that the risk deserves modification.
- 6.3 Each judgment rating must be supported by completing a Judgment Rating Justification form (UW2003 or equivalent).
- 6.4 The criteria to be used in determining the judgment rating factor, and the range of debit or credit, are as follows:

- Experience, specialization and excellence of the insured (+/-25%)
- Overall Business Practices, including quality of contracts and fees (+/-25%)
- Work Outside Geographical Area (+/-15%)
- Claim Department Evaluation (+/-15%)
- Type of owner adjustment (+/-15%)
- Other (+/-5%)

- 6.5 Judgment rating applies to the total premium after application of all rating factors except the Reduced Acquisition Cost Credit Plan and Earned Risk Management Reimbursements.

7.0 Reduced Acquisition Credit Plan

The standard commission for design professionals professional liability coverage is included in the rate plan. In special situations, a lower acquisition cost may apply. If an allowance is made for reduced acquisition expenses, the policy premium must be reduced by the same ratio.

8.0 Earned Risk Management Premium Reimbursement Plan

8.1 Professional Liability Education Program

The Company has Professional Liability Education Programs, many of which are approved for continuing education credits by the professional associations in the design community. The insured may earn a maximum premium reimbursement

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per program of 10%. The maximum premium reimbursement is 10% in any one year. The premium reimbursement will be applied to the final premium.

8.2 Contractual Limitation of Liability Program

The Company recognizes the risk management practice of insureds obtaining limitation of liability provisions in contracts with their clients. A premium reimbursement may be earned by the insured applicable to that portion of fees for which projects contain an approved Limitation of Liability provision. The maximum premium reimbursement is 25% in any one year. The premium reimbursement will be applied to the final premium.

8.3 Peer Review Program

When an insured participates in a qualified Professional Society Peer Review Program, they learn to improve the practice of their profession, the conduct of their business and their risk management skills. After participating in a qualified Peer Review we will make a premium reimbursement equal to the cost of the Peer Review that is certified by the Professional Society, up to \$6,000. This program is available only once every three years. The premium reimbursement will be applied to the final premium.

9.0 TeamCover

TeamCover provides professional liability coverage for all design professionals on a single project. Refer to Company due to complexity of large, sophisticated projects.

10.0 Earnings Reimbursement

Earnings Reimbursement is provided in addition to the normal policy limit and is not subject to the normal policy deductible. The base limit is \$300 per claim, \$6,000 annual aggregate with a three day deductible. Premium is included in the base rate. Refer all other options to the Company.

11.0 Guaranteed Premium Policies

Qualifying insureds may be offered guaranteed premiums for two to three year terms using the fees as described above.

12.0 Terrorism Exclusion

When the Terrorism Exclusion endorsement is added to the policy, a 1% premium credit will be applied.

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State Rate Page

State of Arkansas

Territory Factor

The rating territory assignment is based on the location of the insured's office, not where their work is performed. If the firm has multiple office locations, a weighted territory factor will be calculated using the current year fees from each location as weights.

<u>Territory</u>	<u>Factor</u>
Arkansas	0.85

State Exceptions to Countrywide Manual

Section 6.0 Judgment Rating is amended by the following:

Subsection 6.2 is deleted in its entirety and replaced with the following:
Debits or credits in this section are limited to a total of 25%, although may exceed 25% with the approval of the manager and convincing factual evidence that the risk deserves modification. Debits or credits must not exceed 40%.

SERFF Tracking Number: XLAM-125329250 State: Arkansas
Filing Company: XL Specialty Insurance Company State Tracking Number: AR-PC-07-026525
Company Tracking Number: 07SD-XD-EO03-CW-AR
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions Liability
Product Name: Other Liability
Project Name/Number: Architects, Engineers & Consultants Rate Revision Filing/07SD-XD-EO03-CW-AR

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Review Status: Filed	11/26/2007
Comments:			
Attachments:			
	NAIC Transmittal.pdf		
	Rate-Rule Filing Schedule.pdf		
Bypassed -Name:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Review Status: Filed	11/26/2007
Bypass Reason:	N/A to this filing		
Comments:			
Bypassed -Name:	NAIC loss cost data entry document	Review Status: Filed	11/26/2007
Bypass Reason:	N/A to this filing		
Comments:			
Satisfied -Name:	Rate Impact	Review Status: Filed	11/26/2007
Comments:			
Attachment:			
	CW Impact v1.pdf		

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #
XL America, Inc.	1285

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
XL Specialty Insurance Company	DE	37885	85-0277191	

5. Company Tracking Number	07SD-XD-EO03-CW-AR
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Patricia Pollard 1201 N. Market, Suite 501 Wilmington, DE 19801	Senior State Filings Analyst	302-661-7059 866-304-3079	302-778-4190	Patricia.Pollard@xlgroup.com

7.	Signature of authorized filer	
8.	Please print name of authorized filer	Patricia Pollard

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	Other Liability
10. Sub-Type of Insurance (Sub-TOI)	Professional Liability
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	Architects, Engineers & Consultants Professional Liability
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 1/1/2008 Renewal: 1/1/2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	

17. Reference Organization # & Title	
18. Company's Date of Filing	
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	07SD-XD-EO03-CW-AR
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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XL Specialty Insurance Company submits for your review and approval a rate revision filing for our Design Professional Architects and Engineers Program. The changes include the introduction of specialization and longevity factors, a debit for work on schools and a modification of the Dollar One Defense charge for residential projects. Attached please find our revised Countrywide Rating Manual and State Rate Page as well as our Actuarial Memorandum.

The rates will replace the rating plan filed under 06SD-XD-EO03-CW-AR (your file #AR-PC-06-019402), approved effective July 1, 2006. Please be advised that this filing does not replace our revise the rates for our Small Firms (FAST) program.

We propose an effective date of January 1, 2008.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<p>Check #: EFT Amount: 50.00</p> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>

Effective March 1, 2007

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1. This filing transmittal is part of Company Tracking # 07SD-XD-EO03-CW-AR

2. This filing corresponds to form filing number
(Company tracking number of form filing, if applicable)

☐ Rate Increase ☒ Rate Decrease ☐ Rate Neutral (0%)

3. Filing Method (Prior Approval, File & Use, Flex Band, etc.)

4a. Rate Change by Company (As Proposed)

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
XLS	-7.0	-7.0					

4b. Rate Change by Company (As Accepted) For State Use Only

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing – Number of policyholders affected		

6. Overall percentage of last rate revision -12.5

7. Effective Date of last rate revision 7/1/06

8. Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.) File & Use

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Arkansas State Rate Page	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AR-PC-06-019402
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

XL DP - US PRACTICE BUSINESS
Overall Impact of Filed Rate Changes
Requested Effective Date 1/1/2008

Longevity Credit - Based on Years with DP/DPIC

Yrs w/ XLSIC/DPIC	Credit	Pct of Premium		
< 5	0.0%	29.0%		
5 to 10	-3.0%	23.0%		
11 to 15	-5.0%	18.0%		
>15	-10.0%	30.0%		
Total		-4.6%	Longevity Credit Impact:	-4.6%

Debit on Schools Work

Average % Fees in School Projects:	11.8%	
Average Debit as % of Fees	12.5%	
Premium Impact	1.5%	1.5%

Modify DOD Charge on Residential Projects

Impact of Increasing DOD charge (+25%) on Residential Projects:	0.2%
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Specialization Credit

>75% fees in Largest Discipline:			<=5 Project Types		
	credit	% Prem		Credit	% Prem
Small Prac	-7.5%	10.0%	Small Prac	-7.5%	8.7%
Middle Mkt	-5.0%	19.0%	Middle Mkt	-7.5%	16.6%
All Other	0.0%	71.0%	Large Firm	-5.0%	12.0%
	-1.7%		All Other	0.0%	62.7%
				-2.5%	100.0%
			Impact on Total Practice book of this change:		-4.2%

Total Impact of Filed Changes: **-7.0%**